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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of Rocky Mountain Power's Proposed Revisions to Electric Service Schedule No. 37, Avoided Cost Purchases from Qualifying Facilities	Docket No. 14-035-T04
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PREFILED DIRECT TESTIMONY OF DANIEL PATRY

SunEdison, LLC (“SunEdison”) hereby submits the Prefiled Rebuttal Testimony of Daniel Patry in this docket.

DATED this 29th day of August, 2014.

/s/ _____
Gary A. Dodge,
Attorney for SunEdison

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by email this 29th day of August, 2014, on the following:

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/s/ _____

BEFORE
THE PUBLIC SERVICE COMMISSION OF UTAH

Direct Testimony of Daniel Patry
on behalf of
SunEdison

Docket No. 14-035-T04

August 29, 2014

REBUTTAL TESTIMONY OF DANIEL PATRY

INTRODUCTION

Q. Please state your name and business address.

A. My name is Daniel Patry. My business address is 44 Montgomery St., Suite 2200, San Francisco, CA 94104.

Q. By whom are you employed and in what capacity?

A. I am employed by SunEdison, LLC, as Regional Director of Government Affairs. In that capacity, I manage legislative and regulatory activities for the Intermountain West, with particular focus on distributed generation, renewable integration and rate design.

SunEdison is a 55-year old company headquartered in Belmont, California that specializes in global manufacturing of polysilicon and silicon wafers used in the application of the SunEdison Solar modules as well as semiconductors for the electronics industry. Sun Edison is the second largest solar developer in the world, with over 1.2 GW of solar under management worldwide and another 4.3 GW under development. SunEdison designs, builds, manufactures, develops, finances, installs, operates and manages solar plants ranging from residential and commercial rooftop systems to 300 MW utility scale facilities. As a leading solar developer in both the distributed generation and utility scale fields, SunEdison has been engaging with RMP to build solar facilities under both the Schedule 37 and Schedule 38 tariffs, as well as developing commercial opportunities under the provisions of Senate Bill 12.

Q. Please briefly describe your background and experience.

23 A. I have five years' experience with a regulated utility and two years' with a utility scale
24 solar developer in similar government affairs roles. Among other things, I have worked
25 on integrated resource planning proceedings for Pacific Gas and Electric Company, on
26 greenhouse gas revenue allocation and rate design for gas compressor stations, and on
27 interconnection and transmission policy for a utility scale solar developer.

28 **Q. What is the purpose of your testimony in this case?**

29 A. My testimony responds to the direct testimony filed in this docket by Dr.
30 Abdinasir M. Abdulle on behalf of the Division of Public Utilities ("Division"), Bela
31 Vastag on behalf of the Office of Consumer Services ("Office") and Sarah Wright on
32 behalf of Utah Clean Energy ("UCE").

33 **Q. Please summarize your rebuttal testimony.**

34 A. Dr. Abdulle and Mr. Vastag both suggest that the methodologies and results of
35 avoided cost calculations for Schedules 38 and 37 should essentially be the same
36 (Abdulle Direct, lines 58-74; Vastag Direct, lines 24-33). I believe there are sound policy
37 reasons for calculating avoided costs for small facilities under Schedule 37 in a different
38 manner. I support Sarah Wright's arguments on this issue.

39 On the carbon cost issue, Dr. Abdulle correctly notes that the Commission's order
40 in Docket 12-035-100 does not contemplate nor require modeling adjustments to remove
41 the impacts of assumed carbon costs. However, I disagree with his conclusion that the
42 referenced order is ambiguous with respect to whether such adjustments should be made.

I believe the Commission's Order in that docket is clear in rejecting specific adjustments for environmental externalities, but it does not support the ad hoc carbon cost adjustments made by Rocky Mountain Power ("RMP"). Rather, I read the Commission's order to prohibit the kind of ad hoc adjustments made by RMP. I agree with and support the direct testimony of Sarah Wright on this issue.

Mr. Vastag's testimony incorrectly assumes that RMP's carbon tax adjustments are consistent with the Commission's order in Docket 12-035-100. As noted above, I do not believe RMP's adjustments are consistent with that order.

Q. Please explain in greater detail why you believe the methodologies and results for Schedules 37 and 38 are and should remain different in some respects.

A. Schedule 37 contains published rates for small QF projects. The economics of small projects require simple, straightforward contracts, prices and structures that reasonably reflect avoided costs and that also encourage development of small renewable resources. I agree with and support Sarah Wright's testimony on this issue (Lines 79 - 141).

Q. Please explain your position with respect to the modeling adjustments made by RMP to remove carbon cost assumptions.

A. As I understand it, RMP made adjustments to at least four GRID files in an effort to remove all impacts of assumed carbon costs from its model: (1) the Energy Charge, (2) the Fuel Price, (3) Other Cost and (4) Price Forecast. It is possible that adjustments were

63 made to other GRID files as well. Mr. Vastag incorrectly assumes that these ad hoc
64 adjustments are consistent with the Commission's order in Docket 12-035-100. Dr.
65 Abdulle correctly notes that the adjustments are neither contemplated nor required by that
66 order. I believe he is wrong, however, in concluding that the Commission's order is
67 ambiguous in that regard.

68 As explained in great detail in Ms. Wright's direct testimony (Lines 142 - 469),
69 not only are RMP's ad hoc carbon adjustments not contemplated nor required by any
70 Commission Order, they are inconsistent with Commission orders that prohibit RMP
71 from making ad hoc model adjustments without adequate explanation or justification. In
72 addition, I believe RMP's carbon adjustments are inconsistent with a proper
73 determination of avoided costs. As noted by Dr. Abdulle (lines 142 - 144): "If the
74 Company's best projection of its future prices is arrived at through the IRP process, the
75 Company's proposal here (to made the ad hoc carbon cost adjustments in its model)
76 ignores price components that the Company views as important in other contexts."

77 The projections included in RMP's IRP regarding carbon costs are no more
78 speculative, and no more likely to be correct or incorrect, than similar long-term
79 projections of fuel costs, capital costs, load projections, etc. The IRP -- to the extent
80 consistent with Commission requirements -- represents the utility's best, Commission-
81 sanctioned, projection at any given point in time of future costs that will impact utility
82 costs. That is presumably why the Commission relies upon it. To make ad hoc
83 adjustments to this "best estimate" of future prices is inappropriate and inconsistent with

84 a proper determination of avoided cost rates. Adjustments should be made only to reflect
85 the utility's best, updated, Commission-sanctioned projections of costs.

86 There is no claim here that RMP's ad hoc carbon adjustments reflect its best,
87 updated cost projections (as is the case, for example, with updated forward price curves).
88 In any case, the adjustments have not been properly supported, vetted nor sanctioned by
89 the Commission. Moreover, RMP's adjustments introduce undue ratepayer risk of
90 carbon costs by removing the disclosure and integration of projected carbon costs.

91 In my view, all of RMP's ad hoc carbon adjustments should all be reversed and
92 Schedule 37 prices should be determined based on IRP-based cost projections.